

SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM

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CENTRAL INTELLIGENCE AGENCY
OFFICIAL ROUTING SLIP

TO	NAME	ADDRESS	INITIALS	DATE
1			(Info) Trip	11/9/65
2			file	
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<input type="checkbox"/> ACTION	<input type="checkbox"/> DIRECT REPLY	<input type="checkbox"/> PREPARE REPLY
<input type="checkbox"/> APPROVAL	<input type="checkbox"/> DISPATCH	<input type="checkbox"/> RECOMMENDATION
<input type="checkbox"/> COMMENT	<input type="checkbox"/> FILE	<input type="checkbox"/> RETURN
<input type="checkbox"/> CONCURRENCE	<input type="checkbox"/> INFORMATION	<input type="checkbox"/> SIGNATURE

Remarks:

FOLD HERE TO RETURN TO SENDER

FROM: NAME, ADDRESS AND PHONE NO.

DATE

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FORM NO. 237
1 APR 55 Replaces Form 30-4
which may be used.(40)
U. S. GOVERNMENT PRINTING OFFICE : 1955--O-342531

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NOTE TO : AC/IB

I believe that this original from the Civil Service Commission and the memo for the record should be retained in the Insurance Branch's policy file because it does reflect information of historical value.

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C/BSD

December 21, 1964

NOTE to (MEMO FOR THE RECORD): *Def*

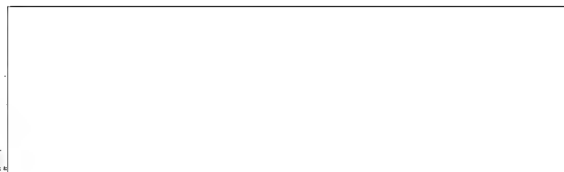
I will answer your comments in the order in which you made them.

1. In the first paragraph you request information dealing with the destruction of records. This should never cause any concern because we have our own records disposal program and we operate in accordance with that. In other words, we are the ones who determine when and what we will dispose of so there should be no problem from this standpoint.

2. As you recall, some time ago I notified you that I had talked with Irv Kator and Sol Papperman concerning the subject of the 1% administrative allowance. At that time an agreement was reached whereby we would not be required to justify our need for our administrative charge. They agreed to accept a statement from us to the effect that so much money, representing 1%, for a specific period was deducted from the payment. No other information would be required. However, as you recall, we agreed that should further information be required at any time, you would divulge that which was necessary to Andy Ruddock. These arrangements have been verified with Mr. Kator and Mr. Papperman this morning. I think this will clear up this question that was in your mind.

3. The last item in question was the matter of recommendation for D/Pers. concerning the disposition of this 1% administrative allowance. It seems to me that the only thing we can give him in the way of information, would be the fact already established, i. e. are being paid from this money and, further, that they are doing work in connection with the federal employees health benefits program.

If there is any other information you desire, please let me know.



December 21, 1964

NOTE to [] (MEMO FOR THE RECORD):

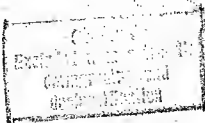
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UNITED STATES CIVIL SERVICE COMMISSION

BUREAU OF RETIREMENT AND INSURANCE

WASHINGTON 25, D.C.

RS:HBL:pal

YOUR REFERENCE

DEC 9 1964

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[REDACTED]

President
Government Employees Health Association
P. O. Box 463
Washington 4, D. C.

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Dear [REDACTED]

The books and records of the Mutual of Omaha Insurance Company at Omaha, Nebraska, and the General Agent at Washington, D. C. applicable to the Government Employees Health Association operations under its health benefit plan were examined in accordance with Section 11(b) of the Federal Employees Health Benefits Act of 1959 and Section 4.9 of Contract CS 1065 with the United States Civil Service Commission for the third contract period ended October 31, 1963. Copies of the report on the examination are enclosed.

As a result of the examination covering the second contract period, certain adjustments were recommended which were properly incorporated into the Annual Accounting Statement for the second contract period. As noted in the report, certain adjustments for the third contract period are to be included in the Annual Accounting Statement for the fourth contract period. These have been discussed and agreed upon by responsible representatives of the Underwriter and members of my staff.

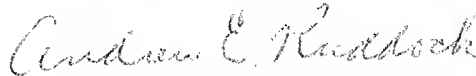
With reference to the contract provision that specifies "the Carrier will preserve records relating to a contract period for three years after the close of the contract period to which they relate," we recognize that the cost of maintaining inactive supporting paid claim records after review by the U. S. Civil Service Commission for possible review by the U. S. General Accounting Office is an added expense to your Plan -- I am referring to such documents as hospital, doctor, nurse and other bills that are normally maintained in claim files. Under the contract provision the first contract period records may be destroyed after November 1, 1964; however, if your plan

- 2 -

no longer requires the supporting records relating to the second contract period, I waive the contract's provision for the preservation of these records. This proposal is not a permanent amendment to the contract or to a disposal program; but rather a means to permit destruction of claim records for the second contract period at this time if they are no longer required for claims administration.

Please express my appreciation to representatives of the Underwriter and the Agent for the courtesy and cooperation accorded to the members of my staff during the examination.

Sincerely yours,

A handwritten signature in cursive script, reading "Andrew E. Ruddock".

Andrew E. Ruddock
Director

Enclosure

(42)

REPORT ON EXAMINATION
OF
GOVERNMENT EMPLOYEES HEALTH ASSOCIATION
CONTRACT CS 1065
FOR THE PERIOD FROM NOVEMBER 1, 1962 THROUGH OCTOBER 31, 1963

Systems and Audits Office
Bureau of Retirement and Insurance
U. S. Civil Service Commission
Washington, D. C. 20415

REPORT ON EXAMINATION

OF

GOVERNMENT EMPLOYEES HEALTH ASSOCIATION

CONTRACT CS 1065

FOR THE PERIOD FROM NOVEMBER 1, 1962 THROUGH OCTOBER 31, 1963

The Government Employees Health Association, an employee organization with headquarters in Washington, D. C., entered into Contract CS 1065 with the United States Civil Service Commission under Section 4(3) of the Federal Employees Health Benefits Act of 1959 to offer its members an indemnity-type health benefits plan. This contract became effective July 1, 1960. Representatives of the Commission examined the Plan's accounting statement and the supporting records of the Underwriter and its General Agent as of October 31, 1963 for the contract period then ended.

GENERAL COMMENTS

Since the Plan is of the employee organization type, enrollments for benefits of the Plan are available to all persons who qualify as members of the Government Employees Health Association (hereinafter referred to as the Association).

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The contract is administered by the Association and underwritten by the Mutual of Omaha Insurance Company of Omaha, Nebraska. Subscription charges received by the Association are transmitted to the Underwriter. Certification of eligibility and adjudication and payments of claims is accomplished by employees of the Association; and the Underwriter, in accordance with its policy, provides such financial and statistical reports as required by the Commission.

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Claims were generally adjudicated and paid promptly; the books and records of the Underwriter were maintained under generally accepted accounting principles; and, charges to the Plan were maintained below the maximum monetary limitation as specified by the terms of the contract; however, certain adjustments to these charges are necessary as a result of the examination.

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ACCOUNTING STATEMENT

The Plan's accounting statement and supporting schedules as submitted to the Commission appear under Exhibits A and B and the adjustments to the statement and supporting schedules appear under Appendices A and B.

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Next 7 Page(s) In Document Denied